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Application No. 09/587,619

Filed: June 5, 2000

TC Art Unit: 3691

Confirmation No.: 8863

REMARKS

Applicant's attorney thanks the Examiner for the helpful telephone discussion on August 1, 2007, in which the rejection of the claims was discussed. The substance of the discussion is included in the remarks set forth below.

Claims 1-21 have been rejected under 35 U.S.C. § 103(a) over Sandretto (US Pat. No. 5,812,988) in view of Rotella (US Pat. No. 4,677,933). Reconsideration of this rejection is respectfully requested.

The present method and system is useful for rapidly determining and managing the scope of risk for financial portfolio investment management purposes, including a very high speed review of the amount and proportion of loss inherent in a current potential financial instrument or other individual investment or combination of investments. The method and system assume varying quantities and stop loss arrangements for each instrument, along with the impact on the overall amount and proportion of risk of loss inherent in a total portfolio to which is added or subtracted any one or more of each of such individual investment combinations. In the process, the method or system arrives at actionable inputs for controlling risk in an individual investment and in an overall managed portfolio, in order to remain within determined risk-of-loss parameters. The method and system accomplish this within a framework making the results available and actionable on a timely and convenient basis, with the last including but not limited to within the very abbreviated real time available for functioning within a typical trading environment.

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Thus, the presently claimed portfolio accounting and risk management method and system can be readily used in an actual trading environment to provide a trader with a speedy, real-time analysis of the effect that the purchase or sale of an asset will have on a portfolio's risk profile, allowing the trader to make a rapid buy or sell decision regarding the number of shares or contracts of that asset. Sandretto, in contrast, discloses a complex, fundamental analysis method for valuing an asset using economic variable and data specific to the asset. This analysis is not intended for and is not applicable in a real-time trading environment to make a buy or sell decision.

In Sandretto, once an asset is valued, a user "may create a portfolio using the value and risk of each asset." (Col. 11, lines 55-56) Sandretto also states: "The portfolio can be created based on the idea that some bonds assets are overpriced (in which case they might be sold from the portfolio or not purchased for the portfolio) and some assets are underpriced (in which case they might be purchased for the portfolio)." (Col. 39, lines 36-42) Clearly, however, Sandretto provides no guidance as to how much (the number of shares or contracts) of an asset to purchase or sell or how the purchase or sale of that asset will affect the overall risk associated with a portfolio, subjects of the present invention.

The independent claims (claims 1, 10, and 19-21) have been amended to clarify that the system and method are for use by a trader or investor for trading investment instruments in a real time trading environment to remain within determined risk-of-loss parameters. (Support for such a trading environment can be found in the specification at, for example, page 18, line 8, to page 19,

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line 20; page 20, line 29, to page 21, line 2; page 22, lines 13-25; page 22, line 26, to page 23, line 15; page 26, lines 21-23; and page 27, lines 3-6.)

The independent claims have further been amended to more specifically recite that the system manages investment instruments that are held or to be held in a portfolio or an account, as would be needed and used by a trader in an actual trading environment. Note that the system is capable of managing both portfolios and accounts of clients. An account is a collection of securities and a portfolio is a combination of two or more accounts.

(Specification, page 9, lines 25-29). The claims have accordingly been amended using this language for consistency with the specification. Also, the system can be used for investment instruments that are already held in a portfolio or account or for instruments under consideration for inclusion in the portfolio or account. (Specification, page 16, lines 2-8). The claim amendments reflect this as well.

The present system is advantageous in that it can be used in a real-time trading environment to provide a trader with many risk scenarios in seconds, extending rarely if at all to more than a minute, to allow the trader to make an immediate buy or sell decision. In particular, the system employs a technical analysis to set stop levels for an investment. With the present system, a trader can determine how much of an investment instrument to buy or sell (for example, in terms of dollar or percentage at risk) or when to sell (the stop-loss price), conclusions that are not reached by Sandretto's method. The trader is able to manage the amount of assets placed at risk in any given investment and for the portfolio as a whole. Using this approach (assuming a

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stop-loss can be executed by the market), the trader will lose no more than is planned, while at the same time enjoying whatever gains may materialize.

In particular, claim 1 as amended recites that the investment instrument is specific to a portfolio or an account. Thus, a parameter such as the number of shares or contracts is specific to the number of shares or contracts held in that portfolio or account. Sandretto's reference to the number of shares of an instrument is rather to the total number of shares outstanding (col. 5, lines 15-19), not to the number of shares held by an individual in a particular portfolio. The other independent claims have been similarly amended. Thus, these claims are believed to be patentable over Sandretto, alone or in combination with Rotella.

Rotella, the secondary reference, discloses a mechanical stock price tracking apparatus. Rotella, however, does not disclose the storing or use of an amount (a number of shares or contracts) of a stock. Sandretto relates to a system for valuing an asset. A stop-loss price has no relevance in Sandretto's analysis. Thus, there is no motivation to combine Rotella with Sandretto.

Furthermore, even if Rotella were properly combinable with Sandretto, Applicant's claimed invention would not result. Neither Sandretto nor Rotella discloses, teaches, or suggests storing a number of shares or contracts held or to be held in a portfolio or account. Claim 1, in contrast, recites storing parameters including a market price, a stop-loss price, and a number of shares or contracts of an instrument held or to be held in a portfolio or an account.

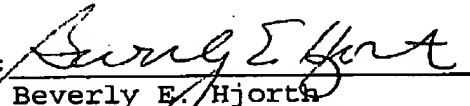
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Accordingly, independent claims 1, 10 and 19-21 and the claims dependent from claims 1 and 10 are believed to be patentable over Sandretto in view of Rotella.

In view of the above amendments and remarks, all claims are believed to be in condition for allowance, and reconsideration and indication of allowance are respectfully requested. The Examiner is encouraged to telephone the undersigned attorney to discuss any matter that would expedite allowance of the present application.

Respectfully submitted,

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